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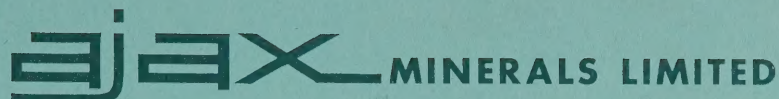
AUG 5 1963



MINERALS LIMITED

ANNUAL REPORT
for the year ending
December 31st, 1962
and **Interim Report**
for the period ending
June 30th, 1963

OFFICERS	STEVEN LOW - - - - - <i>President</i> EDWARD PARKER - - - - - <i>Vice-President</i> H. H. COLGAN - - - - - <i>Secretary-Treasurer</i>
DIRECTORS	W. F. ATKINS, P.Eng. H. H. COLGAN STANLEY W. HOLMES, Ph.D. STEVEN LOW EDWARD PARKER
AUDITORS	FISHER, NISKER & COMPANY, Toronto, Ontario
TRANSFER AGENTS	GUARANTY TRUST COMPANY OF CANADA, Toronto, Ontario
SHARES LISTED	CANADIAN STOCK EXCHANGE
BANKERS	BANK OF NOVA SCOTIA, Toronto, Ontario
SOLICITORS	MANLEY, GRANT & ARMSTRONG, Toronto, Ontario
HEAD OFFICE	88 UNIVERSITY AVENUE, TORONTO 1, CANADA



REPORT OF DIRECTORS TO THE SHAREHOLDERS

This month, July 1963, your present management has taken over the direction of Ajax Minerals Limited. We welcome and take this early opportunity to make contact with our shareholders, recognizing that some 18 months have gone by since the publication of your company's balance sheet.

For this reason we present to you the balance sheet, not only for the year ended December 31, 1962, but also an interim audited balance sheet as of June 30, 1963.

One of the first orders of business is the current geological and engineering appraisal of the company's existing properties. A fresh exploration effort will be carried out on those properties which merit attention.

The most interesting of this group is Ajax's nickel-copper-platinum deposit in Strathy Township in northern Ontario. Your directors are aware of the significance of the work already done by the company which resulted in the proving up of over 4,000,000 tons of marginal grade ore. In addition to rising metal prices, which may some day render this tonnage commercial, our exploration division believes that further exploration may lead to the discovery of higher grade ores which can be economically recovered.

Your company is presently engaged in partnership with Quonto Explorations Limited in an intensive exploration of its property in the important newly discovered copper area north of Sault Ste. Marie, Ontario. I draw your attention to the latest progress report which was contained in a recent newspaper announcement reprinted on page seven of this report.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "Alvin Dow". The signature is fluid and cursive, with a long horizontal stroke at the end.

President.

July 24, 1963.

AJAX MINERALS LIMITED
(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

As at December 31, 1962 and June 30, 1963

	December 31, 1962 (Fiscal Year End)	June 30, 1963 (Interim)
ASSETS		
Current assets		
Cash	\$ 11,975.47	\$ 14,292.39
Marketable securities, at cost (sold at cost)	15,732.75	—
Accounts receivable (Note 2)	5,827.86	6,337.55
Sundry receivable	270.00	270.00
	<u>\$ 33,806.08</u>	<u>\$ 20,899.94</u>
Investments		
Investment in Northwest Canalask Nickel Mines (Note 1)	\$ 1.00	\$ 1.00
50% interest in Connaught Explorations Limited (Note 2):		
Shares	9,015.00	9,015.00
Advances	6,410.37	6,920.05
	<u>\$ 15,426.37</u>	<u>\$ 15,936.05</u>
Capital assets		
Mining claims, at valuation of \$121,000.00 attributed to 302,500 capital shares (as presently constituted) issued for the claims and \$6,985.00 paid in cash (Note 3)	\$127,985.00	\$127,985.00
Additional mining claims acquired for cash in 1963	—	1,250.00
Buildings, at nominal value	1.00	1.00
	<u>\$127,986.00</u>	<u>\$129,236.00</u>
Deferred expenditures		
Exploration and administrative expenditures, per statement	\$378,218.15	\$390,927.11
Organization expenses and cost of supplementary letters patent	5,248.68	5,248.68
	<u>\$383,466.83</u>	<u>\$396,175.79</u>
TOTAL ASSETS	<u>\$560,685.28</u>	<u>\$562,247.78</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,276.69	\$ 11,839.19
Loan payable	500.00	500.00
	<u>\$ 10,776.69</u>	<u>\$ 12,339.19</u>
Shareholders' equity		
Capital stock (Note 4)		
Authorized:		
5,000,000 shares, par value \$1.00 each		
Issued and fully paid:		
2,248,252 shares at December 31, 1961	\$ 2,248,252.00	
Less — discount	1,953,767.50	\$294,484.50
215,000 shares issued for cash	\$ 215,000.00	
Less — discount	172,000.00	43,000.00
75,000 shares issued for interest in prospecting license (Note 2)	\$ 75,000.00	
Less — discount	67,500.00	7,500.00
<u>2,538,252</u>	<u>\$344,984.50</u>	<u>\$344,984.50</u>
Contributed surplus , arising from the reduction of capital stock on April 21, 1961	\$448,453.50	\$448,453.50
Deficit , per statement	(\$243,529.41)	(\$243,529.41)
TOTAL LIABILITIES	<u>\$560,685.28</u>	<u>\$562,247.78</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors:

STEVEN LOW, Director.

H. H. COLGAN, Director.

AJAX MINERALS LIMITED

DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

For the Year ended December 31, 1962 and for the Six Months ended June 30, 1963

	Fiscal Year Ended December 31, 1962	Six Months Ended June 30, 1963
Exploration expenditures		
Balance, December 31, 1961 (Strathy Township)	\$274,288.62	\$ —
and December 31, 1962 (as below)	—	284,526.63
Additions		
Strathy Township property		
Geophysical survey	\$ 3,678.84	\$ —
Diamond drilling	2,714.14	—
Supervision fees and expenses	1,503.57	—
Engineers' fees and expenses	1,112.60	1,091.54
Government fees and taxes	245.15	232.65
Assays and maps	195.76	78.13
Miscellaneous	86.45	41.45
	<u>\$ 9,536.51</u>	<u>\$ 1,443.77</u>
District of Algoma		
Preliminary prospecting and sampling	\$ 701.50	\$ —
Geophysical survey	—	4,000.00
Engineers' fees	—	400.00
Government fees	—	207.00
	<u>\$ 701.50</u>	<u>\$ 4,607.00</u>
Selkirk Township		
Government fees	\$ —	\$ 99.00
Total additions	<u>\$ 10,238.01</u>	<u>\$ 6,149.77</u>
Balance, December 31, 1962 and June 30, 1963	<u>\$284,526.63</u>	<u>\$290,676.40</u>
Administrative expenditures		
Balance, December 31, 1961 and December 31, 1962	\$ 77,157.09	\$ 93,691.52
Additions		
Office rent, accounting and secretarial fees	\$ 3,200.00	\$ 1,250.00
Shareholders' information and public relations, including research and writing services	3,861.75	743.57
Legal and audit fees	3,550.00	2,558.71
Share issue and transfer expenses	1,344.96	505.62
Printing of prospectus and annual report	1,852.73	542.63
Government fees and taxes	995.00	675.00
Directors' fees	600.00	200.00
Stock exchange fees	336.67	200.00
Telephone	488.77	—
Miscellaneous	304.55	51.81
	<u>\$ 16,534.43</u>	<u>\$ 6,727.34</u>
Less — Interest earned	—	168.15
	<u>\$ 16,534.43</u>	<u>\$ 6,559.19</u>
Balance, December 31, 1962 and June 30, 1963	<u>\$ 93,691.52</u>	<u>\$100,250.71</u>
Total deferred exploration and administrative expenditures	<u>\$378,218.15</u>	<u>\$390,927.11</u>

STATEMENT OF DEFICIT

For the Year ended December 31, 1962 and for the Six Months ended June 30, 1963

Balance, December 31, 1961		\$212,003.41
Additions during the year ended December 31, 1962		
Cost of mining claims abandoned	\$ 30,000.00	
Mining claims abandoned, previously written down to nominal value	1.00	
Property investigation expenses — no claims acquired	1,525.00	31,526.00
Balance, December 31, 1962 and June 30, 1963		<u>\$243,529.41</u>

AJAX MINERALS LIMITED

NOTES TO FINANCIAL STATEMENTS

As at December 31, 1962 and June 30, 1963

Note 1 — In 1963 the company received 334,592 shares of Northwest Canalask Nickel Mines Limited in settlement of advances to Canalask Nickel Mines Limited in the amount of \$110,000.00 plus accrued interest to September 30, 1962 of \$23,837.06. This advance had been written down to a nominal amount of \$1.00 on July 1, 1960.

The 334,592 shares of Northwest Canalask Nickel Mines Limited were issued in escrow subject to release at the rate of 20% every three months. The first 20% was released on June 29, 1963. (The Northwest Canalask Nickel Mines Limited shares were quoted at 16¢ per share on June 30, 1963.)

Note 2 — In 1962 the company acquired from Quonto Explorations Limited a 50% interest in a prospecting license covering lands in the County of Galway, Ireland, in consideration for the delivery to Quonto Explorations Limited of 225,000 shares of the company's capital stock. (Of the 225,000 shares, 75,000 shares were issued by the company and 150,000 shares were transferred by a shareholder.)

The prospecting license was subsequently transferred to a newly incorporated Irish company, Connaught Explorations Limited. The company and Quonto Explorations Limited each purchased 50% of the authorized capital stock of this Irish company. The company's interest in Connaught Explorations Limited is recorded at a cost of \$7,500.00, which is the valuation attributed to the 75,000 capital shares issued by the company for the prospecting license, and \$1,515.00 cash paid for the shares of Connaught Explorations Limited.

The following is a summary of the expenditures incurred by or on behalf of Connaught Explorations Limited:

	Fiscal Year Ended December 31, 1962	Six Months Ended June 30, 1963	Total
Geophysical survey	\$ 8,683.88	\$ 919.37	\$ 9,603.25
Engineers' fees and expenses	2,451.41	100.00	2,551.41
Organization expenses	1,665.00	—	1,665.00
Miscellaneous	20.44	—	20.44
	<u>\$12,820.73</u>	<u>\$1,019.37</u>	<u>\$13,840.10</u>

A total of \$13,257.60 out of the above expenditures was paid by the company. Of this \$6,920.05 appears on the balance sheet as at June 30, 1963 as advances to Connaught Explorations Limited and \$6,337.55 as accounts receivable from Quonto Explorations Limited.

Note 3 — By an agreement dated July 3, 1963, the company granted to Quonto Explorations Limited a working option on its 36 unpatented claims in the District of Algoma. Under the agreement, if Quonto Explorations Limited performs \$10,000.00 of exploration and development work on these claims, it will receive a 50% interest in the claims.

Note 4 — A trustee is holding for the benefit of the company 15,000 shares of the capital stock of the company donated by a shareholder.

AUDITORS' REPORT

To the Shareholders of
AJAX MINERALS LIMITED.

We have examined the balance sheet of Ajax Minerals Limited as at December 31, 1962 and June 30, 1963 and the statements of deferred exploration and administrative expenditures and deficit for the year ended December 31, 1962 and for the six months ended June 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of deferred exploration and administrative expenditures and deficit present fairly the financial position of the company as at December 31, 1962 and June 30, 1963 and its activities for the year ended December 31, 1962 and the six months ended June 30, 1963, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
July 17, 1963.

FISHER, NISKER & COMPANY,
Chartered Accountants.

To the Shareholders:

AJAX MINERALS LIMITED

Listed: Canadian Stock Exchange, Montreal, P.Q.

QUONTO EXPLORATIONS LIMITED

Listed: Toronto Stock Exchange, Toronto, Ontario

Ajax Minerals Limited and Quonto Explorations Limited have combined in the exploration of an importantly located property adjoining the Tribag Mining Company copper find north of Sault Ste. Marie, Ontario.

The 36 Quonto-Ajax claims comprise a contiguous group involving an area of 1,400 acres. They tie onto most of the west side of the Tribag Batchawana area copper property.

Recent drilling on the Tribag property has revealed what appears to be a major copper deposit. The copper mineralization is reported to be localized in a zone of highly broken rock (breccia) occurring along a major fault that transgresses the Batchawana formations and related rocks.

Current mapping on the Ajax-Quonto property has revealed a number of similar regional faults cutting the same geological formations as occur on the Tribag property.

A program of geological mapping and studies is now underway. Present planning calls for a follow-up by geophysical studies and diamond drilling.

The Ajax-Quonto property is considered to be well located in relationship to the Tribag discovery and there is possibility that a program of intensive exploration will lead to a discovery of mineralization along the fault structure.

For further information write:

AJAX MINERALS LIMITED—QUONTO EXPLORATIONS LTD.

88 University Avenue, Toronto, Canada.

